

SENATE BILL 231

By Lundberg

AN ACT to amend Tennessee Code Annotated, Section 7-82-401 and Section 68-221-1010, relative to clarifying the definition of self-sufficient utilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401(g)(3), is amended by deleting it in its entirety and replacing it with the following:

(3) For the purposes of this chapter, a "financially distressed utility district" is a utility district, its system or systems, that, as shown by the audited annual financial reports, has either a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. For purposes of this section, a "change in net position" means total revenues less all grants, capital contributions, and expenses.

SECTION 2. Tennessee Code Annotated, Section 68-221-1010(a), is amended by deleting it in its entirety and replacing it with the following:

(1) Within sixty (60) days from the time that an audit of a water system or wastewater facility is filed with the comptroller of the treasury, the comptroller of the treasury shall file with the board the audited annual financial report of any water system or wastewater facility that has a deficit total net position in any one (1) year, has a negative change in net position for two (2) consecutive years, or is currently in default on any of its debt instruments. For purposes of this subdivision (a)(1), a "change in net position" means total revenues less all grants, capital contributions, and expenses.

(2) Notwithstanding any other law to the contrary, a government joint venture that supplies or treats water or wastewater for wholesale use only to other governments

shall not fall under the jurisdiction of the water and wastewater financing board for the purpose of reporting negative change in the net position annually, but must be referred to the board if the government joint venture is in a deficit or default position as provided herein.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.